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NEWSPAPER

November 4, 1991

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Advertising Age

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CONGRESSIONAL INFO SERVICE
SRI ACQUISITIONS
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Crain's International Newspaper of Marketing • In Three Sections • Section 1 • $2.50 • $3.00 in Canada • £3.50 in U.K.

Advertisers aim to rebuild beliefs in '92

By Judann Dagnoli

PHOENIX, Ariz.—The Association of National Advertisers' 82nd annual meeting was marked by a note of desperation.

The record number of 450 attendees last week seemed to be defending, rather than extolling, the benefits of brand building through advertising. And while most major advertisers gave a public vote of confidence to ad spending, in private few said they will be able to put their money where their mouth is in 1992.

ANA MEETING

"If you listen to the prophets of doom around us, and if you pay them any heed—and I do listen and I do pay them heed—it's not too far-fetched to believe that if I am ever asked again to speak to the ANA, it will be to the Association of Non-Advertisers," said Jim Jordan, chairman of Jordan, McGrath, Case & Taylor, New York, and a guest speaker.

Even one of advertising's biggest cheerleaders, ANA President DeWitt Helm Jr., said he's concerned companies are losing sight of advertising's importance.

"The problems we are facing [are] public contempt for business, less than perfect confidence in advertising's mes-

(Continued on Page 53)

Ogilvy at 80

Grand old adman holds forth on compensation, mergers

By Judann Dagnoli

PHOENIX, Ariz.—David Ogilvy is tired.

He's 80 years old and has traveled here from his home in France to spend two days at the annual Association of National Advertisers meeting.

He's just delivered his speech, "We Sell. Or Else," to a who's who of corporate advertising's elite—company presidents, ceos and high-level marketing executives—and has received a standing ovation.

In the past 48 hours, he's had difficulty negotiating the hotel's hallways but not just because his gait has slowed with age. It's also because of the vast number of well-wishers and admirers who approach him, clamoring for a handshake and a chat with advertising's greatest living legend.

So, Mr. Ogilvy has retired to his room and, still dressed in a rumpled navy blazer and trademark red suspenders, reclines on the bed. He lights a cigar and shares some confessions of an adman in his twilight years.

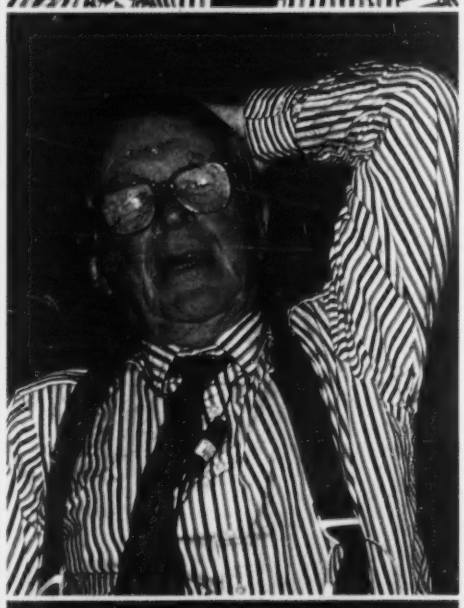
"The reason I'm here is, this man [L. Ross Love, VP-advertising at Procter & Gamble Co. and the new ANA chairman] saw something I'd written about my slogan, 'We sell, or else,' " he says.

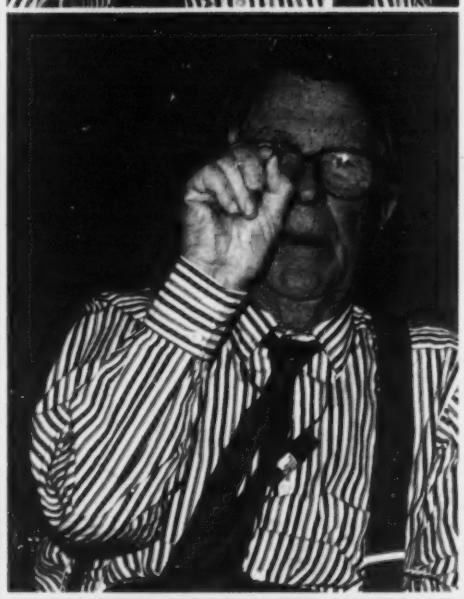
"Ross, who I never met and honestly never heard of, wrote

(Continued on Page 53)

Other ANA coverage:
- **Excerpts of P&G chief Edwin Artzt's speech—Page 32.**
- **Conference photos in Photo Review—Page 40.**
- **New ANA Chairman Ross Love wants advertisers to get focused—Page 47.**
- **Jim Jordan's rousing speech hits agency executives hard—Page 47.**
- **American Airlines aims to tout maintenance—Page 53.**

Doug Goodman





The biggest mistake of David Ogilvy's life? Taking his agency public, he says.

Ad picture brightens for TV nets

By Joe Mandese

In the strongest sign yet that the TV networks are recovering from the recession, prices for most network programs are close to or above the rates paid by advertisers in the 1991-92 upfront marketplace last summer.

Although the fourth-quarter marketplace got off to a weak start, with prices for most dayparts selling for less than those paid in the upfront, market conditions have improved significantly during the latter half of the quarter.

In prime time, for example, the average cost per thousand has risen 16% since the start of the fourth quarter to $7.40, just 5% below the $7.79 average paid by advertisers during upfront, according to the Oct. 31 Netcosts report by media consultant Ephron, Papazian & Ephron.

In daytime, prices currently are 15% higher than those paid by upfront buyers.

"Much as I would hate to predict a turnaround in the network marketplace, that's what the trends indicate is happening," said Doug Seay, senior VP-director of national broadcast at Hal Riney & Partners, New York.

As a result, Mr. Seay said, he's recommending his clients commit to long-term scatter budgets they'd been sitting on to avoid a sudden rise in network prices.

"It's been 18 months of an unbelievably opportunistic market that has lulled a lot of people into a false sense of

(Continued on Page 52)

LAST MINUTE NEWS

Merger creates biggest Euro shop

PARIS—Euro RSCG has created Europe's largest ad agency by merging Belier and HDM. The new Eurocom France, with gross income of $249 million, bumps Saatchi & Saatchi Advertising's London office into second place. HDM and Belier were slated for merger even before parent Eurocom merged with Roux Seguela Cayzac & Goudard to form Euro RSCG.

Diamandis makes publishing return

HORSHAM, Pa.—Peter Diamandis and seven cable systems operators will invest in TVSM, publisher of *The Cable Guide* and *TV Time*, under an informal agreement that will install Mr. Diamandis as TVSM chairman. Since January, Mr. Diamandis has been an unpaid adviser to TVSM's lead creditor, Chase Manhattan Bank. Chase is expected to forgive half of TVSM's $60 million debt as part of a massive

(Continued on Page 8)

INSIDE

'Creativity': Ammirati & Puris: Agency life after yuppiedom. **After Page 32.**

("Creativity" is available on request, call 1-800-678-9595.)

NEWS SUMMARY

■ **Network TV's** scatter prices are improving for the fourth quarter, with most programs close to or above the rates paid in the upfront marketplace last summer. 1

■ **Advertising executives** at the Association of National Advertisers' annual meeting were upbeat on the importance of advertising but downbeat on ad budget growth for 1992. 1

■ **David Ogilvy,** in the U.S. to speak to the Association of National Advertisers, expounded on his favorite subject. 1

■ **Cheerios** will get a fourth line extension, Multi Grain Cheerios, to be introduced next year. 3

■ **Internal Revenue Service** is expected to rule that Mobil Oil's sponsorship of the Cotton Bowl is not tax-exempt, jeopardizing many other corporate-sponsored events. 3

■ **'Time's'** planned change in editorial focus will be matched by changes in its trade advertising efforts. 3

■ **Arbitron** is launching its ScanAmerica service, which matches TV viewing patterns with product purchase patterns. 3

■ **K-III Magazine Corp.** named as president-ceo Harry A. McQuillen, from president of Macmillan Publishing Co. 4

■ **American Express,** reviewing three proposals for a new campaign from its current agencies, reportedly has chosen Ogilvy & Mather's approach. 4

■ **Maurice and Charles Saatchi** will receive a Bill Bernbach Award at a charity dinner in New York, to the chagrin of some Doyle Dane Bernbach executives and alumni. 4

■ **'TV Guide'** has discontinued its three-city test of a larger-size edition after eight months. 10

■ **Reebok** next month will introduce Double Pump, a new generation of inflatable sports shoes. 12

■ **Multimedia** means different things to different people in the computer business but is fostering new alliances. 16

■ **Old Spice,** the men's fragrance category leader, is revamping its advertising to reach younger consumers. 20

■ **Alpo Petfoods** will invest $90 million to market its repackaged Alpo dog food line. 20

■ **New York 'Daily News'** circulation for the six months ended Sept. 30 was 30.6% below its level before its strike and subsequent sale to Robert Maxwell. 35

■ **M&M Ltd.** will introduce the first all-Hispanic free standing insert, "el Mercado Popular," next April. 37

■ **Jim Jordan,** chairman of Jordan, McGrath, Case & Taylor, says good advertising is impeded by agency executives and brand managers more interested in their own careers. 47

■ **Information Resources Inc.** this week will release results of a 10-year BehaviorScan service study showing how TV advertising affects sales. 49

■ **Yellow Pages** Publishers Association has restructured itself to focus on marketing. 54

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Vol. 62, No. 47—ADVERTISING AGE (ISSN 0001-8899) is published weekly (except special issues the fourth week in January and the fourth week in September) by Crain Communications Inc. at 740 Rush Street, Chicago, Ill. 60611-2590. Second-class postage paid at Chicago and additional mailing offices. Postmaster: Send address changes to ADVERTISING AGE, Circulation Department, 965 E. Jefferson, Detroit, Mich. 48207. $2.50 a copy, $84 a year, $134 two years. Add $151 per year for air delivery to Europe & Middle East. Add $79 for surface mail to all other foreign countries. WILLIAM STRONG, VP-circulation; DAVE KELLEY, circulation manager. Four weeks' notice required for change of address. Address all subscription correspondence to Circulation Department, Advertising Age, 965 E. Jefferson, Detroit, Mich. 48207-3185. 1-800-678-9595. Microfilm copies are available from University Microfilms, 300 N. Zeeb Rd., Ann Arbor, Mich. 48103. Microfiche copies are available from Bell & Howell, Micro Photo Division, Old Mansfield Rd., Wooster, Ohio 44691. AD AGE is available for electronic retrieval on the NEXIS® Service. Mead Data Central, Inc., P.O. Box 933, Dayton, Ohio 45402 (800-227-4908).

States turn marketers sour on green pitches

By Alice Z. Cuneo

National marketers, faced with a plethora of state labeling rules and consumer resistance to premium pricing, have begun to wonder whether the green movement will deliver green at the cash register.

New conflicting state laws may result in marketers pulling environmental claims off packaging or altering them repeatedly at great expense, Melinda Sweet, Lever Bros. director of environmental affairs, said at *Advertising Age's* Green Marketing West Conference in San Francisco last week.

California's new green statute requires products labeled "recyclable" to be "conveniently" recyclable in counties with populations of more than 300,000. But Ms. Sweet said her staff, after 18 calls to California state officials, was unable to determine how many and which counties had populations exceeding 300,000.

Advertising Age
GREEN MARKETING WEST

Rhode Island has banned the 20-year-old "chasing arrow" symbol on packages; New York is establishing a 75-day application process to use the symbol.

"Some marketers are shrugging in the face of this confusion and are in the process of removing environmental information from their packages completely," Ms. Sweet said.

Church & Dwight has decided to change the green label on boxes of Arm & Hammer baking soda to comply with new state statutes at a cost of "hundreds of thousands of dollars," said Robert Viney, VP-marketing. The company has packaged Arm & Hammer in a recyclable cardboard container for 80 years and added the green label about three years ago.

Mr. Viney is concerned about having to change the label again if a new state gets involved. If that happens, "I'm taking the recycling label off until the dust settles," he said.

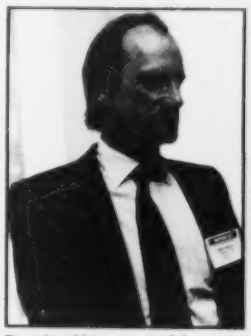
Meeting the wishes of every state and environmental group would require "a wonderful little pamphlet attached to every can of green beans explaining the entire packaging and solid waste problem in the United States and how we can participate in solving that crisis," said conference speaker Jacqueline A. Bogard, director of environmental programs at Del Monte Foods.

Uniform government regulations through the Federal Trade Commission and Food & Drug Administration are years away, said Hubert H. Humphrey III, Minnesota attorney general.

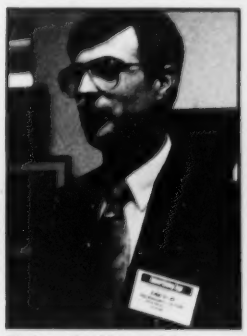
"Since the first *Ad Age* conference in January, there has been a fair amount of sound and fury on the regulatory front, but so far it's been more commotion than motion," said Mr. Humphrey, who's working with state attorneys generals to develop uniform green labeling.

The federal government is concerned its rules might inadvertently set minimum standards for recyclability or favor one material or disposal method over another, said Michael Dershowitz, senior attorney with the FTC's Division of Advertising Practices.

Michael Dershowitz, Melinda Sweet and Hubert Humphrey III give the audience an update on green marketing regulations.



Denis Hayes said consumers don't trust green claims.



Zeke Swift said some green products sell but it's hard to make a profit.

Also giving marketers cold feet are recent studies showing consumers are balking at paying higher prices for green products, Ms. Sweet said.

"Consumers think they should pay less because they are buying something with used materials," she said. That's why Lever scrapped its bag-in-a-box package for Wisk and Snuggle, which it was testing in Washington and Minnesota, she said.

Procter & Gamble Co. has found that 40% of all Downy fabric softener sales are now for its refill box, said Zeke Swift, manager-environmental marketing. But it's produced only a "modest profit improvement."

One reason consumers may not be buying green products, said Denis Hayes, president-ceo of Green Seal, is that they don't believe manufacturers' claims.

"It's reasonable for people to be saying one thing [about supporting the environment] and not buying the products of [marketers] whose claims they don't believe," said Mr. Hayes, who shared the podium with Stanley Rhodes, president of Green Cross Certification Co. □

L.A. Gear looks for new image

By Marcy Magiera

A struggling L.A. Gear, under the direction of new President Mark Goldston, is revamping its marketing from top to bottom, including an agency review.

Mr. Goldston's goal, sources say, is to contemporize the dated blondes-on-the-beach image created for L.A. Gear by former Exec VP Sandy Saemann, and draw clear identities for its fashion and performance lines.

L.A. Gear wants its new game plan—including new advertising, a streamlined product mix and a new logo—in place before it meets with retailers at the National Sporting Goods Association Super Show in February.

"Everything's [being done] from scratch," confirmed Michael Albright, L.A. Gear's creative director and head of the company's in-house agency. All of his department's projects, from new ads to store hangtags, have been halted, he said.

"The entire company is going to contemporize itself," he said, though he declined to elaborate.

Sources say L.A. Gear executives plan to use Los Angeles' diversity for the new image.

Mr. Goldston, formerly senior VP-chief marketing officer at rival Reebok International, saw a creative presentation from the house agency last week, a Los Angeles agency source said. Though sources say he liked what he saw, Mr. Goldston reportedly is under pressure from Trefoil Capital Investors, L.A. Gear's largest shareholder, to hire an outside agency.

Mr. Goldston wasn't available to comment last week.

L.A. Gear may contact agencies as early as this week about the review. Topping the list, sources say, is Dailey & Associates, Los Angeles.

Dailey founder Peter Dailey is said to be close friends with Trefoil President Stanley Gold, who's reportedly dictating Dailey's inclusion in the review.

L.A. Gear's 1992 media budget is $25 million to $30 million, sources say, down from a high of $50 million two years ago.

Market share for the first six months of 1991 slipped to 8.9% from 11.8% in the same period a year earlier, reports newsletter *Sporting Goods Intelligence*. For the nine months ended Aug. 31, L.A. Gear's sales fell 25% to $537.5 million. □

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LETTERS

Radio's making strides

I was somewhat disappointed in your special section on radio (AA, Sept. 9). Although it is true radio is looked upon by most agencies as a "secondary medium," the article did little to point out what strides radio has made in marketing itself and in developing business.

Stations such as mine in Minneapolis are considered niche-marketing stations, and with the help of Scarborough Research are able to target not only demographically but psychographically into specific audiences that "broad" electronic media cannot. This fragmentation is, I believe, somewhat a bonus for radio and for buyers who are willing to take the time to use this to their advantage. Radio is also on the leading edge of value-added sales and cross-media promotion.

Jeffrey Litt
General sales manager
KTCZ/KTCJ, Minneapolis

In "New technology brings radio to cutting edge," Research VP Jerry Boehme at Katz Radio is quoted as saying, "The only reason AM has died compared with FM is a sound quality issue."

The real reasons for AM's decline are poor coverage area and the increased numbers of stations in a market.

When AM was "king," there were two-thirds to three-quarters the number of stations now in most major markets. Even though the size of the audience has increased, increased competition has reduced the size of each station's slice of revenue pie.

When AM was "king," the coverage patterns of AM stations were designed so that most of the population in an area could receive the stations at home, as well as in their cars. As the suburbs expanded past the original coverage areas of many AM stations, they lost listeners. Typically there are one or two AM stations per major market with regional or clear channel frequency assignments that allow them to be heard well outside of their local cities of license. In most cases, the success (or survival) of these AM stations proves my point that "sound quality" is not the major issue.

Ty Ford
President, T/S/F
Baltimore

Why rap G&J success?

I was taken aback by the lukewarm-to-chilly review Gruner & Jahr received in your Oct. 6 special issue, "Magazines in America." If selling on rate card, creating and marketing profitable magazines and launching new publications mean that we rely too strongly on Group Publisher John Hahn, then so be it. I'm curious, though, why *Ad Age* seems to consider our record with John to be a strike against us.

Your reporter's comment that we have been "criticized for being slow to act and for shopping for, but rarely buying, magazines" is especially bewildering to me, since it seems that our careful research and our refusal to buy at inflated prices have preserved our margins, prevented the headaches that many of our competitors are enduring and left us debt-free, strong and profitable.

It also strikes me that our "Family Plan" is not just the "closest" we have come to corporate sales, but is, in fact, an effective, targeted and coherent corporate sales strategy. It would have been heartwarming if *Ad Age* had mentioned that we have redesigned *BabyCare* and *Expecting*, or that we have—instead of buying overpriced properties—launched our trio of Spanish-language magazines, the *Ser Padres* network, with great circulation and advertising success. The flagship of this network, *Ser Padres*, is now the largest Hispanic women's magazine in the U.S., and the country's second-largest Spanish-language magazine of any sort.

Elizabeth Crow
President
Gruner & Jahr USA Publishing
New York

Direct mail pays its way

Stanley Cohen's article "The dangers of today's media revolution" (Forum, AA, Sept. 30) provided an insightful analysis of the many changes on the media horizon. However, he is incorrect when he claims that "mail advertising depends on its ability to 'hitchhike' on a postal system funded by someone else."

According to Postmaster General Anthony Frank, direct mail pays its full share through the postal system. In fact, because mailers perform much of the sorting work, the postal service makes a clear profit delivering advertising mail. In fact, without direct mail, the cost of a first-class stamp would be even higher.

Tony Cornish
Advertising promotion manager
BNA Communications
Rockville, Md.

Reprise the singing cows

In re: Nabisco's Move Over Butter test (AA, Oct. 14): Almost 20 years ago, Land O' Lakes margarine had cows telling competitors to ". . . m-o-o-ve over!"

Today, Land O' Lakes continues to be a major factor in the spread field—butter, margarine and combinations thereof. Evidently, judging from the Nabisco Foods news, "move over"—delivered by "spokescows"—has caught on.

George Gruenwald
Rancho Santa Fe, Calif.

'Atlantic' ads at sea

I am writing in regards to *The Atlantic* magazine's most recent promotion campaign (as usually seen in *Ad Age* on the inside front cover).

It seems *The Atlantic* is hell-bent on ruining what I think is a great reputation as an articulate, newsworthy and literate magazine with dull, wordy and inconsistent advertising copy like . . . "When the oldest continuously published monthly magazine in America turns Hot people in the ad community want to know why." I kept saying: turns HOT people?

Then there was this mouthful: "For now is a time when what you know matters as much as what you have." This kind of unchecked copy, along with an inconsistent theme, turned me off to their message.

And if that wasn't enough, they then switched gears from copy-heavy to copy-light: "If you wanted to start a magazine perfectly suited to the '90s, what would it look like?" And that was it. Just two cover shots—one informative, one conceptual. Well, which is it?

I think both ideas—with fresh copy—could (and should) have been combined to make one really creative ad campaign.

Ken Charney
Senior copywriter
Petersen Publishing Co.
New York

Two in a row

Columnist James Brady (AA, Oct. 14) noted on Page 38 that Richard F. Shepard was grammatically incorrect when he wrote, "Nobody remembers a journalist for their writing." Perhaps it was Mr. Shepard who wrote the headline for the AT&T ad that appeared on Page 37 of the same issue: "This florist wilted because of their 800 service."

Jerry Galvin
Galvin Siegel Kemper Advertising
Cincinnati

Address letters to Advertising Age, *Viewpoint Editor, 220 E. 42nd St., New York 10017.*

FREEZE FRAME

"Of course he's taking a long time—he's waiting for the commercial and the station break to be over."

CORRECTIONS & CLARIFICATIONS

- The percentage change in the North American circulation of *The Wall Street Journal* should have been −1.2% instead of −11.6% (AA, Oct. 28, P. S-2).
- It was incorrectly reported that a number of newspapers, including *The Boston Globe*, announced layoffs this year (AA, Oct. 14, P. S-24). These papers have announced plans for staff cutbacks but not necessarily layoffs. □

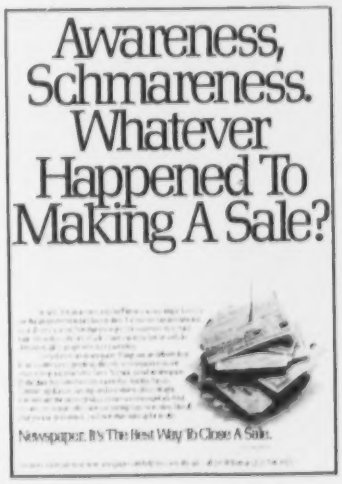
Mean-spirited effort

If this ad is any indication, these must be desperate times for newspapers. They're hurting so badly for ad dollars, they feel the only place they can get them is from awareness advertising budgets.

This ad portrays awareness advertising as some black hole that sucks up dollars with no payoff. And the implication is that advertisers and ad agencies must be saps for believing in it.

I hate to be the one to break the news to the Newspaper Advertising Bureau, but no matter how flip or cynical they want to be about awareness advertising, there's a need for it.

Awareness and brand advertising is why, when a shoe store runs a "sale making" ad in a newspaper, the shoes with the Nike logo sell better than the ones with the ShoeMaster logo.



This ad is just one of a series of mean-spirited efforts by the bureau that attempts to sell newspaper advertising at the expense of TV, radio and just about any other form of advertising they can think of to trash.

Maybe the newspaper bureau should wake up and realize that approaches like this are an insult to the very industry they're trying to feed off of.

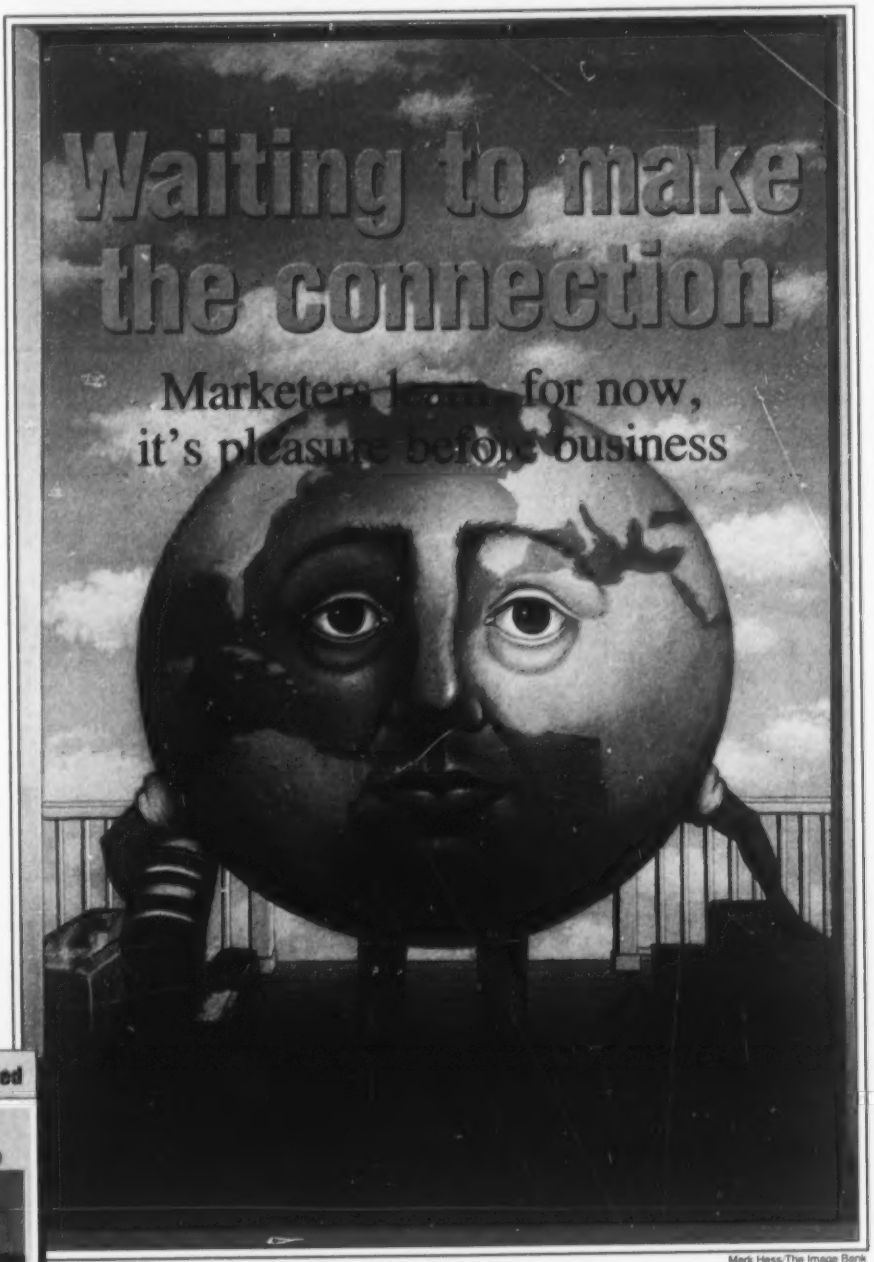
At least now, after reading this ad, I know where newspapers stand on the subject of awareness advertising. So the next time we're considering a full-page newspaper campaign for a hospital or utility (or some other client that doesn't need to "sell" something) . . . or when we're considering a double-truck corporate ad in *The Wall Street Journal* . . . I'll remember that the newspaper folks said awareness ads don't work.

But of course they can continue to count on me for those "sale making" ads.

Lyle Wedemeyer
Senior VP
Martin Williams Advertising
Minneapolis

Waiting to make the connection

Marketers l... for now, it's pleasure before business



Mark Hess/The Image Bank

By Therese Kauchak

The vista for the travel industry is less than scenic.

Marred by economic woes that left consumers with shrinking amounts of discretionary income during the spring and summer vacation seasons, travel marketers had hoped to see an upswing by fall.

While the travel market has shown some signs of recovery, a rebound is not materializing, says James Cammisa Jr., travel industry analyst and publisher of *Travel Industry Indicators*, a monthly industry newsletter.

In addition to changes the economy has wrought on consumers' travel habits, shifting demographics are painting a new portrait of the 1990 pleasure traveler.

The decade "began with the greatest trauma since World War II. Consumer confidence dropped to an all-time low," says John Boatright, chairman of the Association of Travel Marketing Executives and senior VP of the Martin Agency, Richmond, Va. "People in the [travel] business say it's the worst they've ever seen."

Pleasure travel has fared better than business travel, says Scott Dring, media relations manager for the U.S. Travel Data Center, but is still below normal.

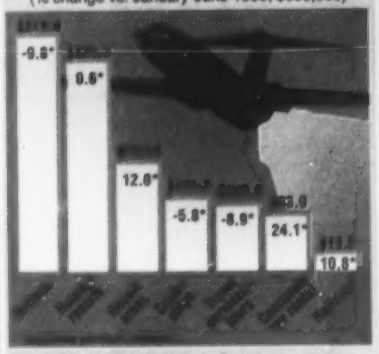
"Business travel dropped 8% from 1989 to 1990," he says. "Pleasure travel increased about 1% [in that same period]." Pleasure travel was down about 1% for the first quarter of 1991, he says.

Before 1990, the volume of travel increased about 2% to 3% annually, Mr. Dring says.

It's possible the industry could rebound to those levels in the 1990s, but "it's really in the hands of the economy," he says.

Airline budgets are less well traveled

Ad spending by travel-related service classifications, January-June 1991
(% change vs. January-June 1990; $000,000)



Source: LNA/Arbitron Multi-Media Service
Advertising Age graph: Kimberly Mart

In the first quarter of 1991, advertising in the travel and hotel category—encompassing railroads, cruises, airlines, car rentals, miscellaneous passenger travel, tour and travel services, hotels and resorts—was $1.22 billion, down 1.3% compared with the first half of 1990, according to LNA/Arbitron Multi-Media Service.

"I think we'll see a marginal growth in ad spending in 1992," says Richard Milenthal, president of Family Vacation Services, a direct marketer of travel information formed by ad agency Hameroff/Milenthal/Spence, Columbus, Ohio.

He expects ad spending from car rental companies will rise slightly, as will resort and travel destination spending. Amtrak and airline spending will hold at this level for 1992, he predicts.

"Pocketbook issues" are the most immediate affecting travel marketers, industry sources say. While vacation costs are increasing, according to the Travel Industry Indicators, the amount of money consumers have to spend is not. U.S. travel prices are up 1.6% over 1990, while consumer disposable income is down 0.2% for the same period.

Higher meal costs and gasoline prices account for most of that increase, Mr. Cammisa says. "Hotel prices and airline fares are essentially unchanged over last year. . . . We'll probably see some modest increases in 1992—2% to 3%—as hotels and airlines try to make up for increases they were unable to make this year, and because [their] operating costs are increasing," he says.

Cost constraints have brought increases in shorter-duration, shorter-distance travel, a pattern analysts expect to continue in the coming decade.

In 1985, the average length of a vacation was 5.7 nights; by 1990, it dropped to 4.1 nights, according to the Data Center. In 1986, the average round-trip distance for a pleasure vacation was 970 miles; by 1990 that dropped to 839 miles. The most recent Data Center statistics show weekend travel increased 28% from 1984 to 1990.

"The majority of travel is going to [continue] to be over the weekend," Mr. Dring says.

Increases in shorter-duration travel have affected state travel bureaus' marketing plans.

"State travel budgets have increased 5% over the previous year," Mr. Dring says. "The major reason is people are staying closer to home and within their [own or nearby] states. Each state is now promoting [itself more].

"People are still going to major tourist attractions . . . but the major increases we are seeing are in the state or within border states," he says.

While the industry has been negatively influenced by economic factors, Mr. Cammisa says, "the recession may have masked some underlying fundamental changes that are beginning to emerge in the 1990s."

The primary pleasure travelers in the '80s were 25-to-34-year-olds and young families with children who traveled by car to closer destinations. In the '90s, Mr. Cammisa says travel marketers will need to reorient their efforts to older consumers.

The aging of baby boomers will benefit the travel industry, because the discretionary income of 45-to-54-year-olds is 15% higher than the U.S. average, Mr. Cammisa says. It will likely bring increases in air travel and in more remote-destination trips.

Time constraints will continue to play a role in consumers' travel choices. That means good news for all-inclusive package vacations and for cruise lines, travel marketers say.

"Time is becoming more important than money," Mr. Boatright says. "Travel marketers who can simplify the process will succeed."

In addition, people want to pack everything they can into a vacation, "and that has made destination and complete resort facilities that are entertainment-oriented [popular]," Mr. Cammisa says.

"Among the big winners in the U.S. for 1991 and beyond," he says, "are Walt Disney World, Las Vegas and cruise ships."

The cruise industry sees resort hotels, including Walt Disney World, as their prime competitors, says Robert Dickinson, senior VP-marketing and sales, Carnival Cruise Line, and chairman of Cruise Line International Association.

In recent years, much of cruise marketing, especially print advertising, has focused on discounting because of increased cruise capacity. But Mr. Dickinson believes that will change.

"The fact that we've had to absorb all this capacity has made us talk [in our advertising] . . . about discounting and deals," he says. While cruise lines have used image advertising on television for market expansion, he believes there is a second expansion opportunity in print.

In print ads, "the industry has relegated desirability [of cruise travel] to second place. I think that will change. . . . If you are a non-cruiser and see an ad for 25% off a cruise, it doesn't mean anything to you. You have to understand what cruise travel is all about first."

Young families and older-generation Americans will keep packing up the family car for vacations. Summer vacation travel by automobile increased 10.7% from 1987 to 1990, Mr. Dring says. He predicts it will hit 13% in 1991 and continue to increase in the '90s. While young families tend to drive for economic reasons and stay with family, over-50 travelers will head for pricier destinations.

Marketers "should not snub their noses at the potential for the very well-financed road traveler," Mr. Milenthal says. "Road travel will be high. I'd watch for the Carolinas, the Barrier Islands [to be popular]. Places that once you get there you are going to spend money. But you'll take a car to get there."

Continuing popularity for road travel is a positive for highway-based hotels and motels, he adds. "It's very good news for hotels that cross U.S. leisure destinations, and also for road-oriented hotels."

The shift in travel patterns "paves the way for the need to get more targeted [in travel marketing]," Mr. Boatright says.

"It's traditionally been done on a demographic basis, but more marketers are finding that's not enough. Now they are using more lifestyle segmentation. After all, people who live next door to each other and make the same amount of money may have completely different ideas of what makes a good vacation," Mr. Boatright says.

"There is a real movement away from mass advertising toward targeted advertising that produces leads," Mr. Milenthal says.

"I think if we are smart, we can have a decent year in the advertising business on the travel side," he adds. "I know I'm going against the flow, but I think we are going to have a decent travel year in 1992.

"It won't be like the mid-'80s, but people consider it their right to travel." □

Vacationers fly in the face of routine

Echoes in the hallway

Losses mount as hotel chains eagerly await '93

By Christy Fisher

The hotel industry won't check out of its current slump before mid-1993. Until then, most hoteliers will spend nights tossing and turning.

The nation's lodging industry is expected to post its 10th consecutive year of losses in 1991, according to the Bureau of Economic Analysis. More than 60% of hotels will post a net loss in 1991 as occupancies continue to fall and room rates fail to keep pace with inflation.

Overall hotel occupancy rates are expected to check in at 61.3% for the year, down 1.4% from the previous year, according to Smith Travel Research. This is well below the industry's break-even level of 65% and off considerably from a high of 70% in 1979.

No signs of recovery are in sight until at least 1993, analysts say.

An oversupply of rooms continues to drag down the overleveraged industry. The recessionary downturn has only made matters worse, as business and leisure travelers cut back on travel, trade down on accommodations or eliminate hotel stays altogether.

"The recovery will be driven not so much by coming out of the recession, but by not building any new rooms," says Bjorn Hanson, national hospitality partner with accountancy Coopers & Lybrand.

"Next year is expected to be what 1991 would have been without the war; 1993 will be the year we'll have a recovery."

"Occupancy rates might rebound . . . by early 1992," says Mark Lomanno, research director at Smith Travel Research. "But the industry will not be profitable again until the mid-1990s."

Industry followers agree that until demand catches up with the oversupply of rooms, the travel market will be highly price sensitive.

All five hotel segments—luxury, upscale, basic, upper economy and moderate economy—reported declines in occupancy for the first eight months of 1991, according to Smith.

Economy hotels, however, are faring better than their pricier counterparts, which saw larger drops in occupancies. Hotel chains using value positionings, such as Choice Hotels International, Embassy Suites, Hampton Inns and Motel 6 Corp., are faring best and will continue to do so.

Top-of-the-line luxury hotels also will continue to post high occupancies without drastic discounting, say industry sources.

However, upscale chains, such as Hilton Hotels Corp., Hyatt Hotels Corp., Marriott Corp. and ITT Sheraton Corp. have been hardest hit, resorting to drastic discounting to fill rooms.

That scenario will change little before the mid-1990s. Each segment will fare about the same in 1992, Mr. Lomanno says.

"I personally think there has been a fundamental shift in consumers' travel attitudes," he says. "In the '80s, travelers looked for bigger, better, glitzier hotels. In the '90s, they will look for value and how they spend time in hotels."

"People have come to the realization that when you stay at a hotel, you get a bed, bathroom, telephone or TV and you can pay $35 for it or $250," Mr. Hanson says. "In the past, it would be embarrassing to say, 'I'm staying at an economy motel,' especially for business travel. But with the proliferation of quality brands, these hotels are no embarrassment."

The battle for market share has led to wide swings in ad spending. Overall spending is up just 0.6% to $336.3 million for the first six months of the year, according to LNA/Arbitron Multi-Media Service.

Companies that have seen double-digit percentage increases in first half spending vs. the same period last year include Best Western International, Clarion Hotels, Comfort Inns, Colony Resort Hotels, Embassy Suites, Holiday Inn Worldwide, Motel 6 Corp., Radisson Hotels International, Red Roof Inns and TraveLodge.

Spending was flat at Marriott Corp. and Hyatt Corp. Chains with double-digit cuts include EconoLodge, Friendship Inns, Hampton Inns, Hilton Hotels Corp., Hotel Sofitel, Howard Johnson Motor Lodges, ITT Sheraton Corp., Quality Inn, Ramada Hotels, Rodeway Inns and Trump Hotels.

Price advertising dominates the industry, which also will make heavy use of family and home themes in ads. However, not all hotel chains have resorted to discounting.

Newspaper ads from Stouffer Resorts are headlined "Announcing the perfect vacations for those who believe in family values." Wyse Advertising, Cleveland, is the agency. Holiday Inn Worldwide broke an extensive image effort themed "Stay with someone you know" from Young & Rubicam, New York.

Also, Howard Johnson has set out to update its image with a new, contemporary campaign themed "When the sun goes down, America turns to orange" from Lintas:New York.

Embassy Suites has been touting value with its "Twice the hotel" campaign from Tracy-Locke, Dallas. Choice Hotels International, franchiser of Clarion, Comfort Inns, EconoLodge, Friendship Inns, Rodeway Inns, Quality Inns and Sleep Inns, has been touting coupon books with $1,000 in discounts on attractions, restaurants and rental cars rather than discounting its rooms. Gray Kirk/VanSant, Baltimore, is the agency.

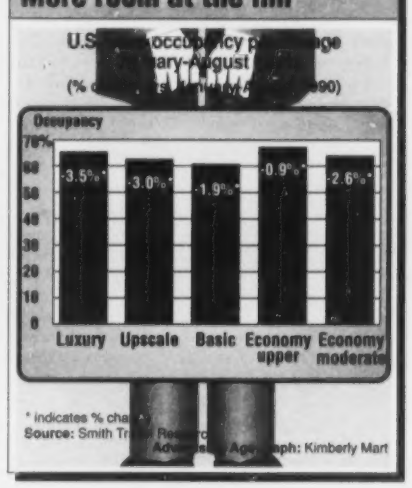
Choice Hotels' sales teams also have been aggressively positioning themselves against upscale hotels and courting *Fortune* 500 companies with special low corporate rates.

"We're stealing market share," says Bob Gilbert, VP-worldwide sales for Choice Hotels. "Our midprice and budget hotels are gaining from this. We're seeing new customers."

Luxury hotels will continue to cater to the affluent. Upscale hotels, most often located in city business centers, will primarily court business travelers. Budget hotels will attract those most interested in saving a buck, and upper-end economy hotels will cater to business travelers and families on a budget that are looking for some extra amenities.

"I believe we have seen a permanent change in people's hotel purchasing patterns," Mr. Hanson says. "People are choosing their hotels based on what is most appropriate for use." □

More room at the Inn



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Embassy Suites and other chains using a value positioning are faring best in a harrowing hotel market.

Foes slam door on Marriott plan

Prepaid reservations win over 250,000 though others steer clear

By Eric Weissenstein

Pay now, sleep later, says Marriott Corp. But other hoteliers say they don't buy it.

Advance purchase, nonrefundable rates, which have met with varying degrees of success in the airline and rental car industries, have checked into hotels and motels.

In May, Marriott began a summer promotion offering non-refundable, discounted room rates at Marriott hotels, resorts and suites for travelers paying in advance. It has now made the promotion a permanent price fixture.

During the 10 weeks the plan was offered, rates were cut between 20% and 50% for reservations made 14 days in advance, and up to 70% for a 21-day advance purchase.

According to Marriott, the experiment went well. The company sold 250,000 advance purchase, non-refundable room nights, more than twice as many as expected.

Now about 90% of Marriott hotels, resorts and suites are participating, typically offering discounts of 30% to 40%. Marriott also is testing different advance reservation windows.

"This is the third phase," says Gordon Lambourne, Marriott director of national public relations. "We've done it during a holiday period and during the summer. Now we're going into a traditionally commercial period. We will watch it through the end of the year and re-evaluate it at that time."

The Marriott program does not seem to be catching on throughout the industry, however.

"We feel there is very little value added by this type of price structure," says Marc Yanofsky, senior VP-marketing at Hyatt Hotels Corp. "For one thing, it makes things harder for the customer during a period when we should be making it easier. It takes away from the convenience of the product."

Critics warn that, by lowering its price and adding restrictions, Marriott is resigning itself to fighting in the price arena, where it cannot win.

Marriott "must be careful that they don't reposition themselves in a way they do not want, as in a discount segment," says Chekitan Dev, professor of marketing at Cornell University School of Hotel Management.

"We feel the hotel product is not a commodity, so we don't feel pricing strategies that work for an airline seat are applicable," says Chris Baum, senior VP-marketing communications at Hilton Hotels Corp. "We don't intend to follow."

Hilton will continue its corporate identity advertising and will stress service and amenities in its campaigns, he adds.

Another drawback to the advance-purchase, non-refundable plan is that the restrictions "make it more difficult for travel agents," Mr. Yanofsky says. "We think there may be a backlash as there has been to some extent in the airline industry."

With advance-purchase, non-refundable airline discounts, "some travel agents are afraid the customer will go direct to the supplier. They are afraid they will be left out," says Brad Burris, exec VP-consulting services division, Runzheimer International, a travel consultancy. "But I don't think that is going to happen [with hotels]. The travel agent should be able to have all the information on rates in their system. Travel agents aren't as much in the loop with hotels, anyway."

While no other hotel chain has a program similar to Marriott's, the idea of managing a hotel's room inventory by using advance reservation discounts is not new.

ITT Sheraton Corp. is currently running an "Endless Summer" program, which offers discounts of up to 50% Thursday through Friday but which requires an advance reservation. The program runs through yearend.

According to Evanthea Vlahakis, Sheraton's manager-press information, the company looked at Marriott's plan but decided Sheraton "didn't think the customer should have to pay in advance."

> "It makes things harder . . . during a period when we should be making it easier."

To some hotel marketers, it comes down to whether such vast discounts are a wise move in a slumped travel market.

"We've looked at it, and Radisson's point of view right now is that we don't want to market our discount rooms that way," says Geof Rochester, Radisson Hotels International's VP-marketing.

Radisson does offer some discounts, but "we just don't have the relative strength to do [advance-purchase discounts] right now. The customer holds all the cards," he says.

Yet a half-price customer may be better than no customer at all, analysts say.

"I think this is going to be something we see more of," Mr. Dev says. "Hotels are beginning to realize that there is a certain cost to having a room and, if that cost is $20 and you can sell a room for $50, you at least cover some of your fixed costs."

"If a room isn't used tonight, it's lost forever, like an [empty] airline seat," Mr. Burris says. "Right now, the hotel industry is in such doldrums that anything to get people in rooms is going to be tried. The ultimate success will be determined if companies find that hotel rates across the board are lower."

But some travelers have found they get the best rate "by walking in at the last minute, at 8 in the evening," he says. "The kiss of death will be if . . . the traveler with the advance rate finds out he paid more than the last-minute traveler." □

Data base opening doors

Subscribers plug in to hotel, car rental system

By Jennifer Lawrence

A new computer reservations system will enhance marketing opportunities for hotel chains and car rental companies when it comes on-line in June 1992.

Confirm Reservations System will provide greater global distribution capabilities for hotels and car rental companies.

At the same time, Confirm will enable subscribers to create detailed data-base programs on consumer profiles and their preferences.

The sophisticated $125 million centralized reservations system is a joint venture of AMR Information Services, an affiliate of American Airlines; Hilton Hotels Corp.; Marriott Corp.; and Budget Rent a Car Corp. The consortium is called Intrico, or International Reservations and Information Consortium.

Confirm will be used by more than just the Intrico partners; the company plans to sell the service to other hotels and car rental agencies.

"Confirm will bring the hotel and travel industry into the 21st century," says Intrico President Gordon Stevenson of his company's service.

"The only part of this I don't understand is why it took the hotel and rental car companies so long to do it," says Ron Woestemeyer, president of Seabrook Marketing, a travel industry software and strategic consultancy.

"If applied properly, [Confirm] will help subscribers gain increased loyalty from customers and prospects, but it will unlikely impact the old hotel axiom that says the only three things that matter are location, location, location," he says.

"Most business travelers pick hotels based on proximity to where they are doing business," he adds. "And that won't change."

"Hotel and car rental companies have lagged behind airlines in the power of technology and the power of tracking customers," Mr. Stevenson says.

For travel agents, Confirm will increase accessibility to hotel and car rental reservations systems, Mr. Stevenson says.

He claims the system will provide agents with more detailed information about availability and rates on a worldwide basis through airline computer reservation systems, rather than forcing agents to contact various hotels and car rental outfits directly by phone.

"The way things stand now, travel agents cannot access totally reliable information on hotel availability, rates or confirmations," Mr. Stevenson says. "They continue to make reservations by telephone, which is a waste of time, money and effort."

Perhaps most importantly from a marketing perspective, more information than ever before will be readily accessible through a data base.

Existing systems handle reservations and typically only keep files on frequent users or visitors. Confirm closes the loop by feeding information back into a data base—whether the guest actually stayed at the hotel, how long he or she stayed, how much money was spent and demographic profile data.

"Companies will get to know more about their customers through the massive data base we haven't had in the past," Mr. Stevenson says.

He believes that tracking detailed information will enable companies to practice "proactive" marketing by using geographic promotions or offering special rates in certain areas or increasing ad spending in key areas.

By creating an extensive data base on customer profiles and preferences, hotel and car rental companies are able to identify specific consumer patterns of individuals and corporations.

If a car rental company sees that IBM Corp. has a heavy pick-up schedule in Syracuse, N.Y., and a corresponding drop-off in Buffalo, N.Y., for example, it could approach IBM and create a special rate for them based on the heavy usage.

> "Companies will get to know more about customers through the data base we haven't had in the past."

Brand loyalty can be improved as the reservation agent, relying on the consumer's past record, says, "You used a car phone in Biloxi. Would you like one here in Chicago?" The scope of consumer information enables the reservation agent to provide consistent and personalized service, says Janice Schroer, Intrico director of communications.

"Basically, Confirm will do for hotels what centralized reservation systems have done for the airline industry," says Michael Ribero, senior VP-marketing at Hilton Hotels Corp.

"We will get to know our customers better. We'll know their travel patterns. We'll be able to narrow in on media. Guest histories will tell us what [customers] like. We'll be able to do more targeted marketing," he says.

Mr. Ribero believes by 1993 Hilton will begin to implement marketing programs based on data from the Confirm reservations system. He expects an increase in direct marketing efforts with a much more tailored approach.

Intrico already has begun to market Confirm to prospective subscribers. Print ads are running in travel trade publications. Gleason & Associates, Dallas, handles.

One of the first ads read, "When it comes to designing the most advanced reservations systems in the world, great minds think alike."

Another print ad shows a photo of a luxurious but empty hotel room. The copy says, "With an outstanding reservations system, this room would be occupied."

Mr. Stevenson says he is encouraged by the industry's response so far both in the U.S. and in Europe. He says prospective customers have signed letters of intent to subscribe to the Confirm system, declining to reveal any names.

"Hotels and car rental companies now are able to see the marketing power of Confirm and why it gives them a competitive edge," Mr. Stevenson says. "While we're focusing on car rental and hotel firms, the program has the flexibility to handle other travel-related businesses like cruise line and ticket sales." □

Trade ads promote Confirm as an information management system and reservation service that can help hotels fill their rooms and put drivers in rental cars.

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Car renters take leisurely ride

Business travel shortfall brings out weekend deals, convertibles

By Ira Teinowitz

Rental car companies are facing the brave new world of recession-era travel with a push for leisure travelers.

As business travel continues to fall short, renters are making advertising more friendly, less business-oriented. They also are altering pricing and practices to make them more appropriate to leisure travelers. Hertz Corp. and Avis Rent A Car System are among companies that have tailored new creative to the changing marketplace.

Some car-rental marketers that haven't changed their creative are making other moves, which include adding rental sites at shopping centers or department stores. Renters' push for leisure travelers was underway even before the recession.

In its "Because it's your money" ads, Thrifty pushes weekend rentals for customers with particular needs such as convertibles.

Business travel in recent years has been flat or down as the recession pushes companies to cut costs.

"Business travel suffers more [than leisure travel] when the economy is hurting," says Scott Dring, media relations manager for the U.S. Travel Data Center.

While *Auto Rental News* reports that rental-car industry revenues rose to $7.9 billion last year, up 16.1% from 1989, much of the growth has been in the leisure segment.

This year's recession and the problems of the Persian Gulf War haven't helped.

Airlines Reporting Corp., which tracks travel agency airline and car rental sales, says revenues were down 6% through August. Several renters say business travel has been flat or down as much as 7% depending on location.

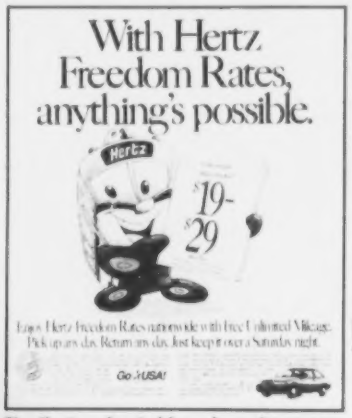
As of July 1, there were 1.4 million rental cars in service, up from about 1.2 million last year, according to *Auto Rental News*.

"We have developed a strategy for the '90s that is based on leisure travel growing faster than business," says Brian Kennedy, Hertz exec VP-marketing and sales.

Hertz three years ago abandoned its traditional business orientation and a campaign featuring O.J. Simpson, Jamie Lee Curtis and Arnold Palmer for one less business-oriented.

The move to be more leisure-oriented sped up with the recession.

Hertz earlier this year broke advertising for Florida travel that featured an animated bus character, then took the bus national. Wells Rich Greene BDDP, New York, handles the account.



The Hertz animated bus character was designed to make the car-rental company more appealing to the leisure customer.

"We wanted to make Hertz more appealing for the leisure customer, to overcome Hertz's business image," says Mr. Kennedy. "We wanted to make Hertz approachable."

Hertz won't discuss specific breakdowns of spending, but says it has raised spending for leisure products while keeping business spending static.

Avis Rent A Car System has adopted a dual approach for pitching the business and leisure renter. The company also is making its new TV spots less business-oriented.

Avis' main campaign pitching the importance of the company's employee-ownership to renters will be continued this fall, but it will have new creative using everyday renters instead of the business owners used last year. The old campaign used business owners talking about the reasons they rented from Avis' employee owners.

Avis also is targeting emerging markets ranging from senior citizens to women.

While both campaigns mention rates, business ads note speed of service and leisure-oriented campaigns pitch dependability. Backer Spielvogel Bates, New York, handles Avis.

"We want to make sure we are getting our pro rata share from emerging growth segments," says Allen Kurzman, VP-marketing services.

Budget Rent a Car Corp. started the year expecting a recession, so it had planned to push leisure efforts.

"As we entered the year, we knew there would be increasing pressure as people go for a share of a smaller pie," says David Sparks, Budget's VP-advertising. "We knew that leisure would be where the big battle was fought." Leisure was expected to be hurt less than business travel, and to be a bigger growth area for the future.

Budget simplified its pricing schedule for leisure renters and installed remote transaction booths allowing car rental from Sears stores even when no operator is present. Tracy-Locke, Dallas, handles.

Some traditional off-airport renters also took some new looks at the leisure market.

Chrysler Corp.'s Thrifty Rent-A-Car System is directing some of its advertising at people who don't fly but have special weekend travel needs. A campaign pushed rental of minivans and convertibles.

"Our forecast at the end of last year [was that] there would be less international travel and more U.S. travel," says Steve Grosvald, senior VP-marketing. "We decided we didn't want to just focus on people who fly, but on the increasing number of people who rent cars to take regular vacations."

Thrifty's normal fall campaign pushes business vehicles, but this year the company is using hockey star Wayne Gretzky in a campaign much broader than in the past. The theme line remains "Because it's your money." Ciociola & Co., New York, and Ad Inc., Tulsa, Okla., handle Thrifty.

While most of the rental companies are targeting leisure travelers, at least one leisure renter is reversing the trend.

Alamo Rent-A-Car, traditionally the leading off-airport renter, is using recession-borne business cost concerns to push corporate rentals. Alamo is now on-airport at more than 40 locations.

Alamo's ads from Hal Riney & Partners, San Francisco, included promoting Cadillac rentals on the West Coast.

"While Hertz and Avis were going after the leisure market, we saw an opportunity to go after the business market," says Donald Moonjian, VP-marketing. □

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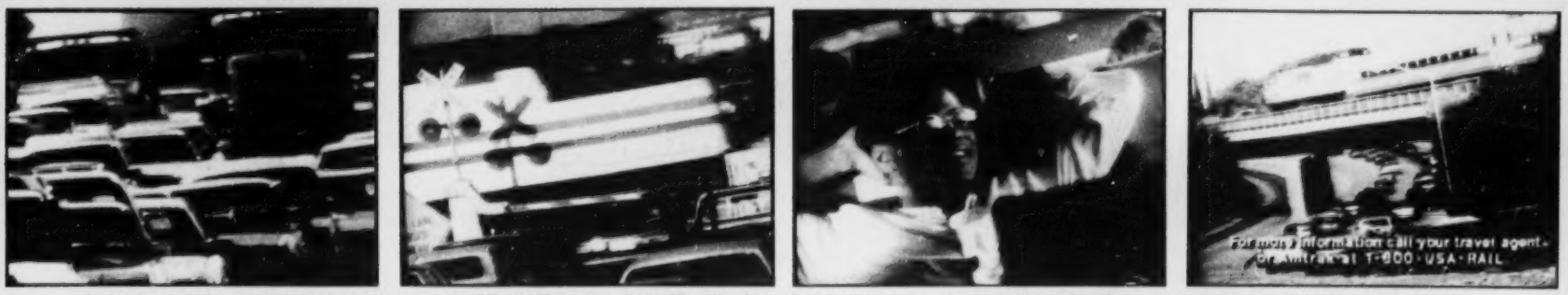


A spot for Amtrak commuter services mixes scenes of frustrating commuter traffic with shots of relaxed riders breezing by on the train. "Try our cars, they're more fun," says the voiceover.

Amtrak moves on from basic training

By Christy Fisher

Boosted ad budget and narrower buys seek to hold onto gains

The recession has derailed much of the travel industry, but Amtrak keeps rolling along.

The U.S. Travel Data Center estimates that only 1% of American vacationers traveled by train this summer. Despite the small percentage, Amtrak estimates it will experience a 4% to 5% gain in revenues for the fiscal year that ended Sept. 30, to about $1.37 billion, says Robert Gall, VP-passenger marketing and sales. Passenger loads increased less than 1% to about 22 million in the same period. That figure does not include contract commuter passengers.

The numbers, however, are still up—something much of the vacation travel industry won't be able to report.

"Amtrak did pretty good for the year. They experienced a strong first quarter when air travel was off as a reaction to the Gulf War," says industry analyst James Cammisa.

"Growth has slowed down a bit, but it's still growth in an industry that is having difficulty," he says. "Their performance relative to the rest of the travel industry is pretty good."

Amtrak, which courts both business and leisure travelers in advertising, has been able to negotiate the economic downturn by pushing competitive pricing and the advantages of rail travel over other transportation modes such as car travel and the airline shuttles. Although "All aboard Amtrak" continues as the advertising theme, from agency DDB Needham Worldwide, New York, the pitch is being modified as improvements are made to service.

Amtrak spent $31.6 million in spot TV, cable, radio, newspapers, magazines and outdoor in fiscal 1991—up 10.5% from the previous year, according to Amtrak.

The largest increase came in newspaper and magazine ad spending, up 125% and 89%, respectively. Newspaper ads are price- and schedule-oriented, while image ads are used in magazines. The shift in newspapers reflects new services added in Chicago and along the East and West Coasts, Mr. Gall says.

In fiscal 1991, Amtrak shifted media for cost-efficiencies, giving higher weights to fewer markets. Instead of 33 markets, it concentrated in 16, which generate about 75% of all revenue, he says.

"Advertising spending for fiscal 1992 might be the same as last year, or up by 3%," Mr. Gall says.

Leisure travelers make up about 70% of Amtrak's riders. Business travel is showing signs of strengthening, with Amtrak's Metroliner service coming on stronger than in the past, Mr. Gall says. But the advertising mix in 1992 will be the same as in 1991, with the bulk of the target on leisure travelers.

TV spots for long-distance train travel compete with airlines by highlighting close-up views of wildlife of the Southwest and the Pacific Northwest—sights riders would miss in an airplane.

Other spots show slice-of-life scenes on a train. One features an older couple enjoying dinner, a movie, socializing and sleeping on the Auto Train to Florida, which also carries their car. Another focuses on the experience train travel offers young families.

A TV spot for shorter-distance leisure travel highlights Amtrak's extensive U.S. network connecting "big towns and little towns, hometowns and downtowns" and its competitive fares.

All spots for the price-sensitive leisure market are tagged with price promotions that show Amtrak is competitive with airline travel.

"We do not try to undercut air fares," Mr. Gall says. "We offer a good price, but not necessarily the lowest."

Amtrak has no extraordinary price promotions planned for fiscal '92. But if the travel market is not stronger by Thanksgiving, Mr. Gall says he expects to see a lot of travel promotions next year.

"If there is a downturn, there will be more promotions. Our plan assumes that things will improve slowly, but at a steady rate. If that does not happen, there could be more price promotions or a shift in media to one product or [another]."

For the business market, Amtrak pushes its Metroliner train service, offering frequent trips in heavily traveled business corridors, such as New York-Washington and Los Angeles-San Diego.

Metroliner offers advance-purchase seating and positions itself directly against shuttle airlines. For example, a print ad is headlined "The most productive business traveler never leaves work up in the air" and lists amenities that help executives get their work done: tables and conference rooms, telephone service, computer hookups and a first-class lounge with food, beverage service and business periodicals. A Metroliner spot is aired during sports events in the Capital Center in Andover, Md., and New York's Madison Square Garden. Magazine and outdoor also support.

Amtrak also is developing contract commuter services in markets where state or local authorities have agreed to subsidize operations, such as Boston, Baltimore-Washington and Orange County-Los Angeles. A TV spot for commuter services shows contrasting scenes of frustrated drivers stuck in highway traffic while relaxed commuters breeze by on Amtrak.

Rising fuel prices and air fares, increased congestion on highways and at airports, a decline in passenger bus service and environmental concerns bode well for train travel, industry observers say.

Also, high-speed trains, which are being discussed in Texas, Florida, Nevada and the New York-Boston corridor, could significantly boost ridership. Amtrak would be interested in participating in the services, but they could be privately operated.

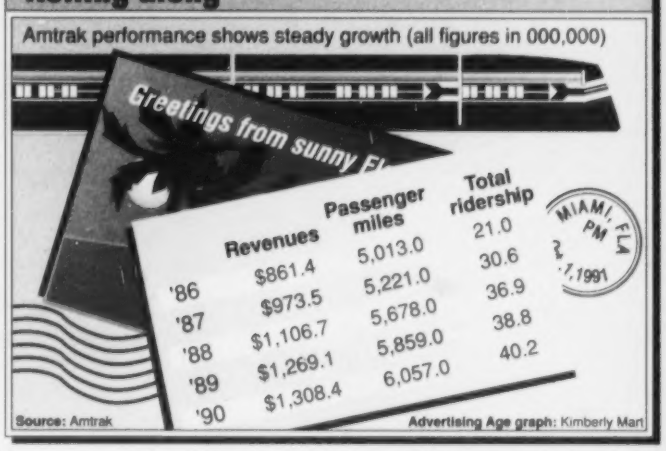
"There could be a explosion in train travel if there are high-speed trains," Mr. Gall says. "But that requires an awful lot of money."

Mr. Cammisa says that's the main roadblock when it comes to Amtrak's future growth: It's limited by funding constraints.

Amtrak continues to fight a battle year after year to get subsidies from the federal government. High-speed trains will likely depend on the support of federal or state funds, and as long as the U.S. remains a car-oriented society, highway funding will receive priority, he says. □

Rolling along

Amtrak performance shows steady growth (all figures in 000,000)



	Revenues	Passenger miles	Total ridership
'86	$861.4	5,013.0	21.0
'87	$973.5	5,221.0	30.6
'88	$1,106.7	5,678.0	36.9
'89	$1,269.1	5,859.0	38.8
'90	$1,308.4	6,057.0	40.2

Source: Amtrak

Advertising Age graph: Kimberly Mart

One Amtrak spot highlights the experience train travel offers young families.

Select your newspaper markets.
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IN BOSTON

Discount levels from 12% to 26%
Circulation levels from 300,000 to 540,000

Circulation levels:	Min. discount off open rate
1. 300,000-325,000	12%
2. 325,001-375,000	14%
3. 375,001-450,000	18%
4. 450,001-515,000	22%
5. 515,000 and over	26%
6. BAND/Sunday	10%
7. Band, N.H.	22%

HOUSEHOLD COVERAGE

NECMA: BAND/Globe 58.1%; Globe/Herald 49.6%; BAND/Herald 48.5%
ADI: BAND/Globe 47%; Globe/Herald 37%; BAND/Herald 40%

band

BOSTON AREA NEWSPAPER DAILIES
(18 Boston ADI Suburban Newspaper Markets)

Contact your Landon representative for details about this unique approach to newspaper buying that delivers results. In Boston, call Landon's Frank Chicko at (617) 337-8562; in New York call Bob Keim at (212) 867-1112.

Top 100 newspapers by circulation

Figures are for six months ending Sept. 30, 1991, compared with same six-month period last year, except where noted. Where papers reported separate numbers for higher-selling papers on one day, daily figures are weighted averages. In some cases Sunday papers have different names.

Rank	Newspaper	Circulation	% chg	Sun. circ.	% chg
1	Wall Street Journal	1,795,448	(3.3)	—	NA
2	USA Today	1,491,844	4.5	—	NA
3	Los Angeles Times	1,177,253	(1.6)	1,529,609	0.8
4	New York Times	1,114,830	0.6	1,700,825	0.8
5	Washington Post	791,289	1.4	1,143,145	0.5
6	Newsday	763,972	7.0	875,239	22.7
7	New York Daily News	762,078	(30.6)	911,684	(34.9)
8	Chicago Tribune	723,178	0.3	1,107,936	0.5
9	Detroit Free Press	596,418	(5.9)	1,202,604	(3.0)
10	San Francisco Chronicle	553,433	(1.7)	705,260	(0.7)
11	New York Post	552,227	8.2	—	NA
12	Chicago Sun-Times	531,462	0.8	537,169	(2.0)
13	Boston Globe	504,675	(3.2)	798,057	0.8
14	Philadelphia Inquirer	503,603	(3.1)	974,897	(0.4)
15	Newark Star-Ledger	470,672	(1.2)	700,237	1.0
16	Detroit News	446,831	(10.8)	—	NA
17	Cleveland Plain Dealer	413,678	(3.3)	544,362	(2.9)
18	Minpls-St. Paul Star Tribune	409,365	0.2	677,753	1.6
19	Dallas Morning News	406,768	2.3	618,283	5.5
20	Miami Herald	398,067	(4.0)	510,549	(1.8)
21	Rocky Mountain News	355,940	1.6	425,443	4.9
22	St. Louis Post-Dispatch	350,350	(8.4)	562,700	0.2
23	Orange Co. Register	347,675	(1.7)	400,375	(1.6)
24	Boston Herald	345,564	(3.7)	227,040	(5.0)
25	Arizona Republic	338,502	2.4	531,180	2.7
26	St. Petersburg Times	331,661	2.1	424,446	0.0
27	(Portland) Oregonian	329,761	1.7	438,756	1.6
28	Buffalo News	305,687	(1.0)	362,685	1.1
29	Atlanta Constitution	302,595	(4.5)	668,175	1.2
30	Houston Post	300,273	(6.3)	353,424	(0.7)
31	Kansas City Star	281,577	(2.0)	420,287	1.1
32	San Diego Union	273,472	3.1	446,328	2.3
33	Orlando Sentinel	271,182	(0.9)	370,516	(1.5)
34	San Jose Mercury News	270,512	(2.9)	331,004	0.1
35	Tampa Tribune	270,256	(0.0)	352,830	(3.1)
36	Sacramento Bee	267,669	1.2	337,597	2.9
37	New Orleans Times-Picayune	265,080	(5.0)	320,363	(1.8)
38	Columbus Dispatch	263,313	5.1	393,987	1.2
39	Denver Post	253,022	5.1	416,354	3.7
40	Fort Worth Star-Telegram*	244,306	(5.7)	338,680	0.7
41	Milwaukee Journal	241,231	(9.1)	490,212	(2.9)
42	Seattle Times	239,946	2.5	520,840	2.1
43	Baltimore Sun	235,937	(3.1)	467,316	(1.4)
44	Louisville Courier-Journal	232,034	(0.7)	324,807	(0.2)
45	Fort Lauderdale Sun-Sentinel	231,602	4.0	315,521	3.7
46	Charlotte Observer	229,868	(2.9)	296,363	(0.8)
47	Indianapolis Star	229,752	0.5	413,346	0.6
48	Hartford Courant	228,172	0.0	318,967	1.3
49	Omaha World-Herald	222,079	0.9	262,176	(0.7)
50	Oklahoma City Oklahoman	217,452	(1.9)	320,921	(1.6)
51	Pittsburgh Press	211,527	(8.8)	550,348	(0.7)
52	Seattle Post-Intelligencer	207,941	1.3	—	NA
53	St. Paul Pioneer Press	206,844	2.0	272,367	4.1
54	Los Angeles Daily News	203,948	2.2	223,346	3.6
55	Providence Journal-Bulletin	198,734	(2.7)	266,912	0.6
56	Des Moines Register	198,658	(4.1)	335,496	(3.1)
57	Cincinnati Enquirer	198,475	(0.3)	344,615	0.7
58	Philadelphia Daily News**	197,179	(12.4)	—	NA
59	Dallas Times-Herald	196,714	(10.3)	289,294	(14.6)
60	Memphis Commercial Appeal	194,948	(7.4)	282,358	(2.3)
61	San Antonio Express-News	187,609	1.1	278,135	1.8
62	Dayton Daily News	181,022	(1.4)	230,633	(0.1)
63	Florida Times-Union	178,402	(0.4)	244,475	(0.4)
64	Austin American-Statesman	172,269	(0.6)	225,860	2.7
65	Atlanta Journal	171,983	(10.3)	—	NA
66	Gannett Westchstr-Rckind paper	166,784	1.0	209,291	8.0
67	Asbury Park (N.J.) Press	166,305	4.2	229,056	0.4
68	Milwaukee Sentinel	166,084	(5.9)	—	NA
69	Birmingham News	162,842	(4.0)	211,220	2.0
70	West Palm Beach Post*	162,068	(2.4)	209,335	(0.8)
71	Bergen Co. Record	161,797	1.4	233,921	2.5
72	Riverside Press-Enterprise	158,198	2.2	166,913	2.2
73	Pittsburgh Post-Gazette	156,782	(3.5)	—	NA
74	Virginian-Pilot	156,644	2.3	238,316	(1.3)
75	Akron Beacon Journal	156,297	1.4	224,436	0.7
76	San Antonio Light	155,326	(4.4)	227,151	(2.0)
77	Baltimore Evening Sun	152,676	(8.4)	—	NA
78	Toledo Blade	150,194	(1.8)	211,864	(1.7)
79	Grand Rapids Press	148,615	2.6	194,045	1.5
80	Fresno Bee	148,541	2.3	184,792	2.8
81	Raleigh News And Observer	141,338	(5.9)	181,160	(1.7)
82	Richmond Times-Dispatch	139,351	(2.6)	251,557	(2.9)
83	Allentown Call	136,105	(0.2)	182,041	0.1
84	Rochester Democrat & Chronicle***	135,610	2.3	259,692	(0.2)
85	Nashville Tennessean	135,005	5.5	265,747	0.4
86	Columbia (S.C.) State	134,462	(7.6)	166,185	(2.7)
87	Copley Los Angeles Newspps	131,795	0.7	125,629	1.2
88	Little Rock Gazette	131,595	(2.1)	217,098	1.9
89	San Francisco Examiner	131,253	(3.7)	—	NA
90	Los Angeles Press-Telegram	129,345	0.1	149,712	(2.3)
91	Las Vegas Review-Journal	128,032	(5.4)	201,452	(1.3)
92	Little Rock Democrat	127,164	(0.3)	244,774	9.4
93	Tulsa World	126,888	1.5	237,170	(1.9)
94	Tacoma News Tribune	121,544	3.1	138,183	2.4
95	Lexington Herald-Leader	121,129	(2.3)	160,356	1.6
96	Wilmington News Journal	120,528	(0.1)	140,563	0.5
97	Albuquerque Journal	119,576	(1.2)	159,176	0.7
98	Wichita Eagle	118,511	(1.9)	195,652	(1.6)
99	Worcester Telegram & Gazette	116,767	(1.2)	138,030	1.6
100	Greensboro News & Record	114,847	(1.4)	132,214	0.9

*Switched to Mon.-Sat. from Mon.-Fri. **Switched to a.m. publication. ***Figures are 3-month average.
Source: Audit Bureau of Circulations

Circulation reparation

'Daily News' bounces back from strike; rivals up

By Ira Teinowitz

The New York *Daily News'* circulation has rebounded from strike levels but remains more than 30% below pre-strike levels, while other New York papers held onto some circulation gained at the *Daily News'* expense.

The Audit Bureau of Circulations' latest report shows circulation problems for newspapers in other cities, aggravated by local marketing changes and price hikes spurred by the recession. By comparison, some newspapers that made no changes—including *USA Today* and both Denver dailies—reported circulation gains.

The audit bureau's FAS-FAX report compares circulation for six months ending Sept. 30 with the same period last year.

It's the first major report for the *Daily News* since a strike ended March 12 and the paper was subsequently sold to English publishing baron Robert Maxwell.

The *Daily News* reported circulation fell 30.6% to 762,078. (Estimates placed the paper's circulation well below 500,000 during the five-month strike.) Sunday circulation was reported at 911,684, down 34.9%.

That's below the *Daily News'* guarantees of 800,000 daily and 1 million Sunday circulation. The guarantees, announced by Mr. Maxwell after he assumed control of the paper, were intended to bolster advertiser confidence until the paper's first post-strike audit.

An advertiser rebate plan will be in place this week, said Les Goodstein, VP-advertising director. The paper met its guarantees for September, he said.

"Looking back last March, when we made the decision to go with a rate guarantee, we kind of looked with a crystal ball and came up with 800,000 and 1 million on Sunday," Mr. Goodstein said. "It was very optimistic."

The guarantee was a vital step to bolstering the *Daily News* at a time when people didn't feel the paper had a chance of regaining its pre-strike vitality, said Don Nizen, VP-circulation. He said the paper has rebuilt confidence enough to start carrying News America Publishing's free standing insert packages in January.

While rivals saw some circulation slippage after the labor dispute was settled, all three are up from last year. The *New York Post* reported daily circulation rose 8.2% to 552,227; still, that's down 14.3% since March. *The New York Times* also said circulation rose 0.6% to 1,114,830 daily and 0.8% to 1,700,825 on Sunday, though the paper was down 8.5% daily and 3.6% Sunday from March. While *Newsday* reported daily circulation rose 7% to 763,972 daily and 22.7% to 875,239 Sunday, it also was down 4.1% daily and 8.9% Sunday from March.

The audit bureau's FAS-FAX report contained no breakdown of *Newsday's* New York and Long Island circulations, but the paper said the bulk of the gains were in New York. The paper reported Long Island circulation grew 0.5% to 494,961 daily and 2.7% to 575,917 on Sunday, while *New York Newsday* grew 21.4% to 269,011 daily and 97.4% to 269,011 on Sunday.

Also reporting daily circulation declines was *The Wall Street Journal*, down 3.3% to 1,795,448. The *Journal* raised its newsstand price 50% to 75¢ on Dec. 3.

Other major dailies with circulation declines included the *Detroit Free Press*, *The Detroit News*, *Milwaukee Journal* and *St. Louis Post-Dispatch*, which doubled its newsstand price to 50¢ on April 15.

In Philadelphia, circulation declines for both papers are attributed to the *Philadelphia Daily News'* March 4 switch to morning from evening publication, pitting it against *The Philadelphia Inquirer*. Both are owned by Knight-Ridder. The *Daily News* also raised its single-copy price 43% to 50¢. The *Los Angeles Times* attributed its 1.6% decline in daily circulation to efforts to drop unprofitable circulation in central California and Nevada. Sunday circulation rose 0.8% to 1,529,609, due in part to cable guides tailored to individual cable systems; the paper has offered discounted Sunday subscriptions in the areas where it distributes the cable guides.

Among papers reporting daily circulation increases were *The Washington Post*, *The Dallas Morning News*, *Chicago Sun-Times* and *Chicago Tribune*. □

COVER STORY

By Janice Kelly

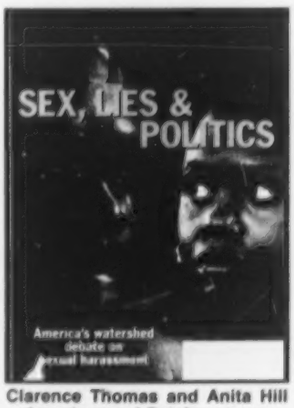
Cover Story is a monthly ranking of celebrities' popularity as reflected by their appearances on the covers of more than 30 of the nation's leading publications.

MEDIA WORKS

Anita Hill and **Clarence Thomas** together topped Cover Story for October with the nation riveted to the Senate Judiciary Committee hearings.

The unlikely couple earned 12 points on the index, which assigns point values to cover appearances based on such factors as the publications' frequency and the prominence of the photos.

The month's main attraction was in Washington, but the balance of cover editors' attention was focused on Hollywood. **Michelle Pfeiffer** took second place with 8.5 points with publicity surrounding her role in the movie "Frankie & Johnny."



Clarence Thomas and Anita Hill shared several October covers.

Third place with 8 points went to actor **Keanu Reeves**, who stars in the film "My Own Private Idaho" and was named one of *US'* "sexiest stars."

Jodie Foster placed fourth with 7 points as cover editors spotlighted her directorial debut with "Little Man Tate." She's already a strong November Cover Story contender, with several appearances on November issues.

Fifth place is a 6-point tie between comedian **Redd Foxx**, who died following a heart attack on the set of CBS' "Royal Family," and **Elizabeth Taylor**, who celebrated her eighth wedding. Groom **Larry Fortensky** tied several celebrities for eighth place with 4 points.

Seventh place went to **La Toya Jackson**, who earned 5 points with her second *Playboy* pictorial and coverage of her book "Growing Up in the Jackson Family."

Rounding out the survey with 4 points each were **Cher, Patrick Swayze, Delta Burke, Roseanne Arnold, Pee-wee Herman, the "Dynasty" cast** and **Katey Segal**. □

MEDIA MIX

News briefs on print, electronic and alternative media.

Turner takes time with samples. Turner Broadcasting System, Atlanta, has postponed its ad-supported cooperative direct mail program, a company source said. The quarterly "Turner Sample Pack" was to launch this month (AA, Aug. 12) but has been delayed to third quarter 1992, the source said. The source said advertisers were interested, but 1991 promotional dollars were locked up when Turner introduced the program in August.

Whittle tunes in to Russia. Channel One, Whittle Communications' ad-supported TV medium in schools, and Pepsi-Cola Co. on Nov. 26 will link students at a Moscow school with students at Centerville, Ohio, High School, for a live discussion about the meaning of freedom. Pepsi is sole sponsor of the one-hour show.

Art title unveiled. Rizzoli International Publications, New York, this month launches *XXIst Century*, an upscale art and culture magazine distributed through bookstores and select newsstands in the U.S., Canada, Europe, Australia and Japan. The three-times-yearly will cost $7.50; initial worldwide circulation is 30,000. Each issue will carry a single corporate sponsor; Philip Morris International is the first.

Joe Mandese coordinates MediaWorks.